

**BY ORDER OF THE SECRETARY
OF THE AIR FORCE**

AIR FORCE POLICY DIRECTIVE 34-2

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Services



MANAGING NONAPPROPRIATED FUNDS

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This policy directive implements Department of Defense (DoD) Instruction (DoDI) 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*. This policy directive applies to all Air Force (AF) personnel including the Air National Guard (ANG) and Air Force Reserve Command (AFRC) personnel. Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR), by using AF Form 847, *Recommendation for Change of Publication*, route AF Form 847s from the field through the appropriate functional's chain of command. This publication may not be supplemented. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with Air Force Manual (AFMAN) 33-363, *Management of Records*, and disposed of in accordance with the Air Force Records Disposition Schedule (RDS) located at <https://www.my.af.mil/afrims/afrims/afrims/rims.cfm>.

SUMMARY OF CHANGES

This policy directive updates implementing publications and the guidance for managing nonappropriated funds.

1. Overview. High morale in the Air Force community is important in accomplishing Air Force missions. As part of the effort to keep morale high, the Air Force conducts numerous Morale Welfare and Recreation (MWR) programs and supports them with Air Force resources, including nonappropriated funds (NAF).

2. Policy. It is Air Force policy that:

2.1. Funding for MWR activities will come from appropriated funds (APF) and NAFs. There are three categories of MWR activities as a means of determining fund source: mission sustaining, community support, and business activities.

2.2. APFs, when available, will provide the funding for MWR activities to the extent authorized in the Assistant Secretary of the Air Force for Financial Management and Comptroller (SAF/FM) directives.

2.3. NAFs will provide the funding source for MWR programs, where APFs are not authorized in SAF/FM directives, as long as those programs contribute to the MWR mission. The Air Force will not use NAFs to support areas not principally concerned with MWR and MWR-related activities.

2.4. NAFs are government funds entitled to the same protection as APFs.

2.5. NAFs will be used primarily to support business activities and assist those mission sustaining and community support programs that serve active duty military personnel, their dependents, and other authorized patrons. The scope of MWR programs must be sufficiently broad and varied in nature and number to attract the maximum number of people for whom a commander has support responsibility.

2.5.1. The ANG and AFRC units will receive NAF support through use of local base programs when units are located on or near military installations, or as isolated units when not located on an installation.

2.6. The Air Force will establish NAF instrumentalities (NAFI) to meet the objectives of MWR and MWR-related activities.

2.7. The Air Force will operate NAFIs and MWR business activities in such a manner as to ensure sound management of resources and to generate enough income to cover NAF operating expenses. To this end, the Air Force will conduct periodic reviews and audits of NAFIs and activities to monitor the continued need for the function and the quality of its management practices.

2.8. Neither an individual or a group has any right to ownership of NAFI assets because all benefits accrue through participation in programs supported by the NAFI. Individuals will not use NAFs or NAFI affiliation for personal or private gain.

3. Responsibilities.

3.1. The Chief of Staff of the Air Force (CSAF) approves Air Force-level use of NAFs and all Headquarters United States Air Force military NAFIs.

3.2. The Assistant Secretary of the Air Force for Manpower and Reserve Affairs (SAF/MR) provides policy oversight and program advocacy.

3.3. SAF/FM will conduct financial oversight at all organizational levels.

3.4. The Deputy Chief of Staff for Manpower, Personnel and Services (AF/A1)

3.4.1. Develops and oversees MWR NAF policy and guidance, and advocates resource requirements for MWR programs.

3.4.2. Interfaces with the Office of the Secretary of Defense staff to develop DoD policy and legislative initiatives.

3.4.3. Establishes an Air Force Services Council to recommend policy and management actions to the CSAF for Air Force-level use of NAFs and all Headquarters United States Air Force military NAFs.

MICHAEL B. DONLEY
Secretary of the Air Force

Attachment 1

GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION

References

AFMAN 33-363, *Management of Records*, 1 March 2008

DoDI, 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*, 20 March 2008

Adopted Forms

AF Form 847, *Recommendation for Change of Publication*

Abbreviations and Acronyms

AF—Air Force

AFMAN—Air Force Manual

AFRC—Air Force Reserve Command

ANG—Air National Guard

APF—Appropriated Fund

CSAF—Chief of Staff of the Air Force

DoD—Department of Defense

DoDI—Department of Defense Instruction

MAJCOM—Major Command

MWR—Morale, Welfare, and Recreation

NAF—Nonappropriated Fund

NAFI—Nonappropriated Fund Instrumentalities

OPR—Office of Primary Responsibility

Terms

MWR-related activities— Those which enhance the quality of life and are not the responsibility of other Air Force agencies. MWR activities include (but are not limited to) the following programs: fitness, sports, library, child development, youth, arts and crafts, auto hobby shops, recreation equipment checkout, outdoor recreation, clubs and slot machines, bowling, golf, aero club, and other membership programs. For the purpose of this policy directive, mortuary affairs, lodging, laundry and linen exchange, and dining facilities are excluded because they are covered by other specific directives.

NAFs— Cash and other assets that NAIs both generate and receive from sources other than Congressional appropriations. They are government funds separate from funds of the United States Treasury, but entitled to the same privileges, immunities, and fiduciary responsibilities. NAFs include dividends from Army and Air Force Exchange Service operations; fees, charges,

dues, and retail proceeds from NAFI-supported activities; income from NAF concessionaire contracts and commercial sponsors; contributions and donations; and grants from other NAFIs.

NAFIs— Instrumentalities of the US Government, as well as fiscal and organizational entities of the DoD, which provide MWR and MWR-related programs and services. Air Force NAFIs operate on successor relationships in which higher headquarters NAFIs are financially responsible for lower echelon NAFIs.